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【 South Vietnam: The Communists continued their upsurge of rocket and mortar attacks against allied military positions during the night of 5-6 October.

The bombardments, which again were mostly confined to the Mekong Delta region, were generally light and resulted in relatively few casualties. Several sharp ground clashes were also reported in scattered parts of the country. In Quang Ngai Province, an enemy force struck a US Army bivouac position, killing four Americans and wounding 20 more. Other, smaller-scale ground attacks occurred in IV Corps.  (Map)】

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USSR-Libya: [Moscow appears to be disturbed over the continued anti-Soviet attitude of the new Libyan Government.]

[redacted] 25X1
[redacted] the new government has im-
posed even more stringent controls on the embassy
than did the monarchy. [redacted] 25X1
the guard force on the embassy has been doubled, and
[redacted] 25X1
[redacted] movements monitored. [redacted] 25X1
embassy officials have been unable to see the minister
of foreign affairs and have been forced to deal with
subordinates.]

[The Soviets in Libya are also chagrined because of Tripoli's lack of interest in various Soviet proposals, including offers of military supplies and technical assistance. In addition, embassy officials have shown irritation with Libyan red tape and delays that they consider deliberately discriminatory.]

[Soviet Embassy officials suspect that the new Libyan Government's attitude is due to a small anti-Russian clique in the Foreign Ministry. In any case, the new regime--which is still striving to consolidate its control of Libya--is so far proving equally suspicious of Soviet and Western activities.] 25X1

[redacted]

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Brazil: General Emilio Medici has been selected to succeed ailing President Costa e Silva.

A high military source told the US Embassy that Medici's formal selection was made by the armed services joint high command yesterday morning, and the public announcement of this decision was expected shortly.

The 63-year-old Medici is a firm supporter of Costa e Silva. During the President's first two years in office, Medici was one of his closest advisers as head of the National Intelligence Service. Medici is a well-regarded career military man who is considered a moderate politically. He strongly backed the executive's assumption of increased authoritarian powers last December, but he apparently did not oppose Costa e Silva's more recent intention to permit a very limited return to political normalcy. Medici advocates good relations with the US.

The governing triumvirate is likely to make other key political decisions soon, possibly including a reopening of the purged congress at least long enough to ratify the selection of Medici.

The long delay in choosing Costa e Silva's successor had caused widening criticism in military circles. Many officers believed that some ambitious individuals were using the delay to create a political climate of uncertainty and doubt. The officers placed much of the blame on the President's wife, who reportedly tried to persuade him not to resign, and on a handful of his close advisers who have been fearful of losing their jobs.

The officers have also been concerned about the refusal of General Albuquerque Lima--who carried on the most extensive campaign to become Costa e Silva's successor--to admit defeat. The general sent a letter to the army minister vehemently protesting the service high command's failure to consider his candidacy for the presidency. Some of the young officers who support Albuquerque Lima have circulated similar criticism

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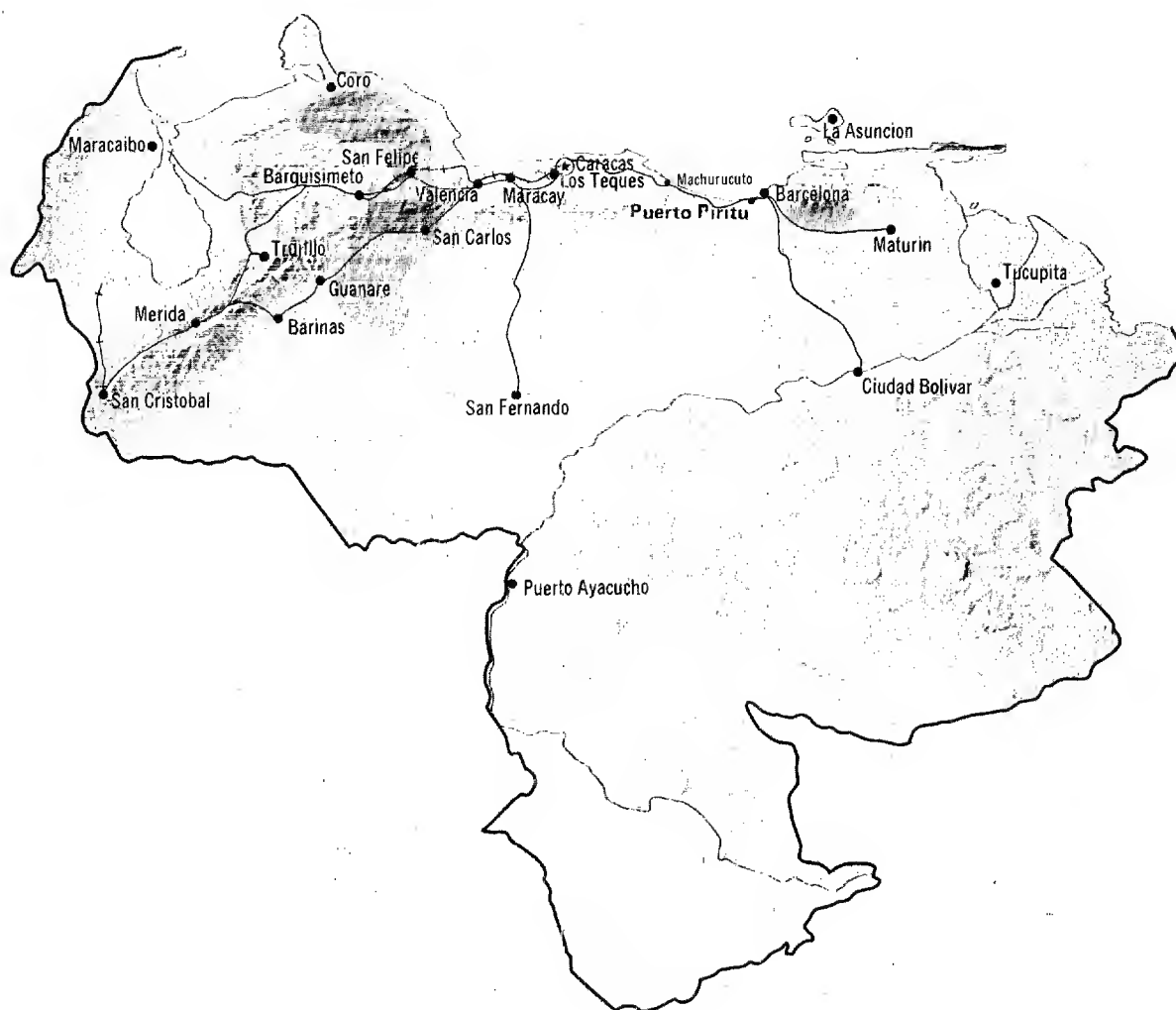
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VENEZUELA: Areas of Guerrilla Activity



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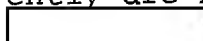
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Venezuela: The military remains nervous about the outbreak of guerrilla activity late last month.

Minor incidents continue in western Venezuela, but in the east, where the most serious attacks had occurred, the guerrillas have not followed up their initiatives. There is no confirmation of an alleged guerrilla landing near Puerto Piritu nor of numerous reports of impending actions. Such reports are common during periods of heightened guerrilla activity and are more likely to reflect military nervousness than guerrilla activities or intentions.

The four army battalions operating in the eastern zone have been unable to locate the guerrillas responsible for the recent incidents. Military leaders reportedly would like to conduct more aggressive operations against the guerrillas, but they apparently are being restrained by higher authorities.

 (Map)



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Chile: [The government is becoming convinced that growing dissatisfaction in the armed forces could lead to serious incidents.]

[President Frei has abandoned his earlier refusal to grant the military a pay raise. He probably realizes that complaints over low pay are a symptom of widespread military unrest and that the discontent has important political implications.]

[Officers of various political views have been losing confidence in the Frei government for some time. Younger officers resent the economic and social gulf between them and their superiors. Most officers believe that commanders who are political appointees do not effectively represent the military or maintain its prestige. They also complain about obsolete and inadequate equipment.]

[Conservative officers who look to energetic General Roberto Viaux for leadership reportedly plan to press their various demands by staging a series of defiant incidents throughout the month. There is no evidence as yet, however, that this group is capable of staging a coup or that the well-armed national police--7,000 in greater Santiago alone--would not effectively defend the government.]

[Extreme leftist political groups such as the Socialists, meanwhile, are aggravating the restlessness. Leaders of the legal orthodox Communist Party are convinced that some military group will act against the government and are therefore taking preventive protective measures.]

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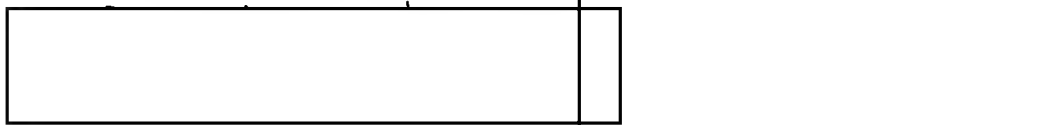
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International Trade: Last week's meeting in Brussels of wheat-exporting nations ended in a cooperative atmosphere, but achieving agreement on new price minimums will still be difficult.

Trade officials representing the European Communities (EC), Canada, Australia, Argentina, and the US discussed means of returning to a stable international wheat market. Recent prices on the market have been well below the level established in the International Grains Agreement (IGA). The brisk price competition in the past few months apparently has produced no increase in total wheat exports but instead has simply increased EC and Australian exports at the expense of those from the US and Canada. The officials generally agreed that EC's surplus problem in hard wheat has abated; still remaining, however, is a large surplus of soft wheat.

Australia, Canada, and Argentina accept the US view that it will be difficult enough to maintain the present tenuous price levels, let alone to establish new minimums nearer the IGA levels. The EC, after hesitating even to talk about the problem, has now indicated its willingness to cooperate more fully in the future. It still would like to raise prices toward the IGA minimums, but may be willing to settle for a lesser price increase.



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Israel: Security problems caused by the fedayeen within both Israel and the occupied Arab territories are growing more serious. Despite stringent Israeli anti-infiltration measures, the fedayeen have carried out sabotage operations throughout Israel. For example, there have been almost a dozen attacks since late June in the Mediterranean port city of Haifa. In the occupied West Bank area, the Israelis have used curfews, economic restrictions, and house demolitions but have not managed to curb the fedayeen. The guerrilla activities are not presently causing many casualties or extensive damage, but the fedayeen are striving to improve their effectiveness.

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(continued)

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Libya: Differences have begun to appear among the members of the ruling Revolutionary Command Council. [redacted] junta President Qaddafi and Defense Minister Hawwaz are at odds over questions of national policy. Hawwaz may attempt to strengthen his position by making a bid to replace Prime Minister Maghribi, who reportedly will be forced to resign soon. The structure and membership of the Revolutionary Command Council is still largely unknown, but its members' apparent lack of experience and a series of minor disputes are affecting its ability to operate effectively. [redacted]

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